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# **NIGERIA EXPANDED TRADE AND TRANSPORT PROGRAM (NEXTTT) QUARTERLY PROGRESS REPORT#1**

*OCTOBER 2012–DECEMBER 2012*

**SUBMITTED JANUARY 2013**

**Prepared for USAID Nigeria by CARANA Corporation**

# **NIGERIA EXPANDED TRADE AND TRANSPORT PROGRAM (NEXTT) QUARTERLY REPORT #1**

*OCTOBER 2012 – DECEMBER 2012*

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## **DISCLAIMER**

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# ACRONYMS & ABBREVIATIONS

ACA	African Cashew Alliance
AfDB	African Development Bank
AGOA	African Growth and Opportunity Act
ALTTFP	Abidjan-Lagos Trade and Transport Facilitation Project
APS	annual program statement
BDS	business development services
BLP	Nigerian Better Life Program
CBN	Central Bank of Nigeria
CMG	Corridor Management Group
COP	Chief of Party
CRFFN	Council for the Registration of Freight Forwarders of Nigeria
DFID	Department for International Development
DIV	Development Innovation Ventures
ECOWAS	Economic Community of West African States
EDC	Entrepreneurship Development Centre
EMMP	Environmental Mitigation and Monitoring Plan
FERMA	Federal Roads Maintenance Agency
FMT&I	Federal Ministry of Trade and Investment
FTF	Feed the Future Initiative
GCCA	Global Cold Chain Alliance
GDP	gross domestic product
GMP	good manufacturing practices
GON	Government of Nigeria
ICT	information and communications technology
LAKAJI	Lagos-Kano-Jibiya Corridor
Ltd	Limited
MAN	Manufacturers Association of Nigeria
MARKETS	Maximizing Agricultural Revenue in Key Enterprises in Targeted Sites Program
MOU	memorandum of understanding
MSME	micro, small and medium enterprise

NAFDAC	National Agency for Food and Drug Administration and Control
NAQS	Nigerian Agricultural Quarantine Services
NCS	Nigeria Customs Service
NEEP	Nigeria Expanded Exports Program
NEPC	Nigerian Export Promotion Council
NEXTT	Nigeria Expanded Trade and Transport Program
PMP	performance management plan
PPP	public-private partnership
RAMP	Rural Access and Mobility Project
SME	small and medium enterprise
SMS	short message service
SON	Standards Organization of Nigeria
SPS	sanitary-phytosanitary
TFTF	Trade Facilitation Task Force
TPAC	Trade Policy Advisory Council
UEMOA	West African Economic and Monetary Union
UN	United Nations
US	United States
USAID	United States Agency for International Development
VC	value chain
WATH	West Africa Trade Hub
WTO	World Trade Organization

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# EXECUTIVE SUMMARY

This quarterly report presents the initial activities and results from the first two and a half months of the Nigeria Expanded Trade and Transport (NEXTT) Program, corresponding with the first quarter of the 2013 US Fiscal Year (October – December 2012).

Since October, NEXTT fully launched the project, developed the Year 1 work plan, and completed operational start-up activities, including the establishment of the NEXTT project office in Abuja, mobilization of personnel and subcontractors, and development of contractual, financial and administrative systems. NEXTT also began technical activities which laid the groundwork for foundational Year 1 assessments and capacity building initiatives, most of which are scheduled to begin in January/February 2013. The quarterly report describes these completed activities as they fall under the three NEXTT project components: LAKAJI Corridor Improvement, Trade Policy and Trade Facilitation, and Expanded Export Support.

This quarter, NEXTT initiated efforts to build dynamic LAKAJI corridor institutions that will strengthen regional corridor governance and development planning. This included engaging and mobilizing relevant stakeholders, facilitating the formalization process of the LAKAJI Corridor Management Group (CMG), and conducting desk-reviews and consultations to develop and prepare for upcoming corridor assessments. A key activity was the finalization of a scope of work for the Agricultural Growth Corridor Assessment, which will lay the foundation for the Agricultural Growth Corridor Initiative and Partnership.

NEXTT initiated support for the Federal Ministry of Trade and Investment (FMT&I), particularly through preparatory work for a mapping of Nigeria's trade policy formulation mechanism, which will advise on the reconstitution of FMT&I's Trade Policy Advisory Council (TPAC). NEXTT planned for upcoming capacity building efforts, including trainings for the FMT&I and workshops on tariff impact analysis, and made progress in gaining access to high-level officials whose support will be critical when major activities commence in the second quarter. The team also conducted desk reviews and outreach in preparation for a mapping and gap analysis of compliance processes for food and agricultural products, and a needs assessment for the Nigerian Customs Service (NCS) for the enactment of NCS Act 2011.

NEXTT began building relationships with key institutions, industry alliances, and BDS providers who will play a fundamental role in year 1 activities for the project's export component. NEXTT developed inputs for upcoming activities, including materials for BDS trainings, and a methodology and scope of work for an important mapping of supply and demand for export BDS providers which will wrap-up in the second quarter.

While designing and implementing these foundational activities, NEXTT has carefully integrated gender and youth into all technical components, scopes of work, and monitoring and evaluation frameworks. This quarter NEXTT also began developing a Gender Integration Plan and Environmental Mitigation and Monitoring Plan, which will inform NEXTT's strategy on how it can maximize positive development impacts on women and minimize or mitigate any potential negative environmental impacts. During the reporting period, NEXTT also developed a Performance Management Plan (PMP), which involved selecting measurable indicators, setting targets, and developing methodologies for data collection.

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# BACKGROUND

The Nigeria Expanded Trade and Transport (NEXTT) Program was initiated in October 2012. NEXTT aims to support the Nigerian government's efforts to expand trade domestically, within the ECOWAS sub-region and beyond, and improve its efficiency so that trade, particularly in agricultural products, can provide inclusive economic growth and development of Nigeria. Using an integrated approach to trade and transport competitiveness, NEXTT builds upon Government of Nigeria (GoN) and prior USAID efforts, including the Maximizing Agriculture Revenue in Key Enterprise and Target Sites (MARKETS) Project, and the Nigeria Expanded Exports Program (NEEP), in order to stimulate investment in trade-related infrastructure and services, reform trade policies and procedures, and improve the position of Nigerian firms in global and regional markets.

Over the 4-year project lifespan, NEXTT is expected to leverage past and current efforts toward realizing the following outcomes:

- \$25 million in new investments in projects along the LAKAJI Corridor;
- A 30% reduction in transport costs along the LAKAJI corridor.
- Dynamic trade policy coordination mechanisms that integrate public and private sector priorities into a strategic framework for engagement with trading partners
- Modernization of customs procedures and systems for meeting international standards for agricultural goods; and
- \$30 million in additional exports as a result of more strategic positioning of Nigerian exporters by export promotion institutions and industry groups.

These outcomes are expected to lead to further and lasting impacts in the form of reduced costs and higher quality of food available in the domestic market, as well as jobs and income generation opportunities for people linked to firms exporting goods abroad.

Realizing this vision involves strategic deployment of NEXTT resources and capacity, leveraging and building the capacity of existing platforms such as the LAKAJI Corridor Management Group (CMG), the Trade Policy Advisory Council (TPAC), the Trade Facilitation Task Force (TFTF), and the National Food Safety Management Committee (NFSMC). NEXTT is sponsoring new initiatives, including the growth of a business development services (BDS) provider network targeting firms in non-oil export industries, and the development of a LAKAJI Agricultural Growth Corridor Initiative that defines and coordinates priority investments in critical agricultural infrastructure, services and other related projects along the corridor.

The NEXTT project's role includes contributing technical assistance toward the development and impact of these initiatives through a combination of analyses (investment/export opportunities, corridor constraints) and direct support (training, expert consulting) to Nigerian partners. Throughout the life of the project, NEXTT will build the capacity of Nigerian partners to continue the sort of analysis, training and expert consulting provided by NEXTT experts.

Activities in the Year 1 Work Plan lay the foundation for this transition. These include a series of assessments of opportunities and constraints to improved corridor governance, investment facilitation, improved trade policy coordination, and others that we will undertake alongside Nigerian partners. Year 1 assessments will be reviewed in stakeholder workshops, with final recommendations resulting serving as both a guide for project implementation and a frame of reference for local partner priorities. Immediately after assessments are complete, NEXTT will begin the capacity building initiatives as laid out in the work plan.

# INDICATORS

**Table 1: NEXTT Performance Indicators**

Indicator	Unit of Measure	Baseline	Q1 FY2013 Achieved	Year 1 (Oct 2012-Sept 2013)			Life of Project (Oct 2012-Sept 2016)		
				Target	Achieved	% Achieved	Target	Achieved	% Achieved
Component 1: LAKAJI Corridor Improvement									
Reduction in the cost to trade goods across border as a result of US assistance	US Dollars	Import: \$3,527* Export: \$1,449*	0%	0%	0%	100%	30%	0%	0%
Reduction in the number of days required to trade goods across borders as a result of US assistance	Days	Import: 30.76* Export: 8.95*	0%	0%	0%	100%	30%	0%	0%
Increase in membership of CMG	Members	7	0%	10%	0	0%	25%	0%	0%
Number of new agribusinesses established along LAKAJI Corridor as result of project support	Enterprises	0	0	3	0	0%	18	0	0%
Number of Development Innovation Venture proposals submitted	Proposals	0	0	1	0	0%	9	0	0%
Value of investments disbursed by catalytic fund	US Dollars	0	0	\$ 2 M	0	0%	\$25 M	0	0%
Component 2: Trade Policy and Trade Facilitation Support									
Number of legal, regulatory, or institutional actions taken to improve implementation or compliance with international trade and investment agreements due to support from USG-assisted organization	Actions	0	0	1	0	0%	8	0	0%
Number of participants in trade and investment trainings	Individuals	0	0	40	0	0%	260	0	0%
Number of Customs harmonization procedures implemented in accordance with internationally accepted standards as a result of US assistance	Procedures	0	0	1	0	0%	8	0	0%
Number of public and private sector standards-setting bodies that have adopted internationally accepted guidelines for standard setting as a result of USG assistance	Number of standards-setting bodies	0	0	1	0	0%	6	0	0%

<sup>1</sup> \* The initial baseline figures in the PMP for the cost/time to trade goods were developed with data from the USAID MARKETS LAKAJI Transport Corridor Performance Analysis, conducted in June 2010. The unit of measurement is 20-foot container (TEU). Cost scores are a weighted average (by volume) of cargo passing through the corridor with various destinations. Costs are calculated for cost for imports and exports to transfer through two ports (Apapa and Tinian). Time scores are a weighted average (by volume) of cargo passing through the corridor with various destinations. These baseline scores are meant to provide a frame of reference. NEXTT update these figures in the second quarter.



# INDICATORS Continued

Indicator	Unit of Measure	Baseline	Q1 FY2013	Year 1 (Oct 2012-Sept 2013)			Life of Project (Oct 2012-Sept 2016)		
			Achieved	Target	Achieved	% Achieved	Target	Achieved	% Achieved
Component 3: Expanded Export Support									
Number of firms receiving capacity building assistance to export	Firms	0	0	20	0	0%	120	0	0%
Number of Trade and Investment capacity building diagnostics conducted	Diagnostics conducted	0	0	2	0	0%	6	0	0%
Number of participants in USG supported trade and investment capacity building training	Individuals	0	0	40	0	0%	260	0	0%
Number of Capacity Building Service Providers receiving USG assistance	Service Providers	0	0	10	0	0%	40	0	0%
Number of firms receiving USG assistance that obtain certification with international quality control, environmental and other process, voluntary standards or regulation	Firms	0	0	1	0	0%	12	0	0%
Value of exports by NEXTT client firms facilitated as result of project assistance	US Dollars	0	0	\$ 1M	0	0%	\$ 30M	0	0%
Value of investments in NEXTT client firms facilitated as a result of project assistance	US Dollars	0	0	\$ 2 M	0	0%	\$ 25M	0	0%

# NEXTT ACTIVITIES OCT 2012-DEC 2012

The following chart lists activities undertaken this quarter by the NEXTT project. Milestones established for this quarter in the Year 1 work plan are denoted with an asterisk. All other tasks listed were completed in preparation for upcoming required activities and milestones.

Activity	Date	Contact person
<b>Component 1: LAKAJI Corridor Improvement</b>		
Task 1: Technical Capacity and Support to LAKAJI CMG		
Participated in the CWC Logistics West Africa Conference and Nigeria Borderless Alliance Launch	5-7 Nov 2012	LAKAJI Corridor Development Manager
Coordinated completion of registration process of CMG with the Corporate Affairs Commission and the Federal Ministry of Justice	Dec 2012	LAKAJI Corridor Development Manager
Participation in the launch of West African Trade Hub/Nigeria Shippers Council's Border Information Centre in Seme, Nigeria and Krake, Benin	Dec 2012	COP and LAKAJI Corridor Development Manager
Logistical preparation and desk-review for Transport and Logistics Baseline Assessment	Dec 2012	LAKAJI Corridor Development Manager
Task 2: LAKAJI Agricultural Growth Corridor Initiative		
Scope of Work developed for the LAKAJI Agricultural Growth Corridor Initiative Assessment**	Dec 2012	LAKAJI Corridor Development Manager
Logistical preparation and desk review for LAKAJI Agric. Growth Corridor Assessment	Dec 2012	LAKAJI Corridor Development Manager
Initiated efforts to establish pilot program for the Corridor States Working Group	Dec 2012	LAKAJI Corridor Development Manager
<b>Component 2: Trade Policy &amp; Trade Facilitation</b>		
Task 1: Provide technical capacity and support to the FMT&I		
Desk review of documents relating to trade policy making mechanisms and trade facilitation in Nigeria.	Nov/Dec 2012	Trade & Capacity Building Manager

## NEXTT ACTIVITIES continued

Accessed the forthcoming Nigeria Trade Policy Review 2012. Identified trade policymaking structure and stakeholders for consultations in the conduct of trade policy and trade facilitation needs assessment	Nov/Dec 2012	Trade & Capacity Building Manager
Established contact with the FMT&I. Held introductory meeting with the Director of the FMT&I and an Assistant Director in the Ministry	Nov/Dec 2012	Trade & Capacity Building Manager
Established contacts and held meetings with major institutions involved in trade capacity building, training and advocacy in Nigeria (TPRTP and NANTs) for understanding the structure of trade policy formulation mechanism.	Nov/Dec 2012	Trade & Capacity Building Manager
Worked with International Trade and Customs Consultants to prepare for comprehensive mapping and review trade policy issues in Nigeria	Nov/Dec 2012	Trade & Capacity Building Manager
Conducted a survey of activities, institutions and stakeholders in trade policy formulation in Nigeria	Nov/Dec 2012	Trade & Capacity Building Manager
Established contacts with stakeholders in the three tasks of the component and schedule of meetings created for needs and gap analyses	Nov/Dec 2012	Trade & Capacity Building Manager
<b>Task 2: Support Customs Modernization</b>		
Desk review in preparation for needs assessment for NCS on legislative processes required for enactment of NCS Act 2011	Dec 2012	Customs Manager

<b>Component 3: Expanded Export Support</b>		
Preparation for mapping and assessment of supply and demand for export BDS services, including engagement of BDS STTA Development Associates	Dec 2012	Export Development Specialist/Business Development Specialist
Development of draft MOU with NEPC	Dec 2012	Export Development Specialist
Development of Value Chain selection methodology	Dec 2012	Export Development Specialist

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# 1. LAGOS-KANO-JIBIYA (LAKAJI) CORRIDOR IMPROVEMENT

## Overview

This component of the NEXTT project aims to strengthen transport corridor governance and development planning which will support the improvement of transportation infrastructure and services along the LAKAJI Corridor. NEXTT will bring together public and private sector stakeholders in efficient corridor institutions that can advocate for corridor improvements, propose resolutions, monitor corridor improvements, and facilitate new private investment.

As the dominant overland goods transport corridor in Nigeria with estimates of about 27 million tons per year, the Lagos-Kano-Jibiya (LAKAJI) Corridor is the most important transport route in the country from both a food security perspective and an intra-regional and domestic trade standpoint. It connects West Africa's largest agricultural market in Kano with the region's largest consumer market in Lagos, and links key production and processing zones for strategic exports through the Lagos ports. Investment in agribusiness activity along the corridor is constrained, however, by high transport and logistics costs, which reduce the competitiveness of producers and processors. Similarly, investment in transport and logistics services is constrained by administrative barriers to efficient operations and poorly maintained infrastructure. The efficient administration of the Corridor through the LAKAJI Corridor Management Group and investment in agribusiness via an Agricultural Growth Corridor Initiative are the two key elements of NEXTT's strategy to address those constraints.

## Task 1: Support to the LAKAJI CMG

Central to the NEXTT project's effort to improve the flow of goods along the LAKAJI corridor and support regional corridor governance is the strengthening of the LAKAJI CMG. The USAID-funded MARKETS and NEEP projects initiated efforts to increase efficiency along the corridor through the creation of the LAKAJI CMG, an independent member-run organization charged with identifying and addressing corridor transport challenges. NEXTT is building upon the work of these projects by transitioning the CMG into a sustainable Public-Private-Partnership (PPP) with a strong management framework and the capacity to facilitate investment and offer value-added services, such as fact-based advocacy on corridor improvement, the development of corridor improvement proposals, and monitoring and evaluation of corridor performance.

By the time the NEEP and MARKETS project activities wrapped up, the CMG had begun pursuing formal registration with an initial seven subscribers, most of which are parastatal bodies. This quarter the NEXTT project engaged the CMG steering committee to determine how to support and accelerate the process. The registration process is now nearing completion. NEXTT also reached out to interested private sector stakeholders to create a more diverse membership base. Additionally, NEXTT began planning for the upcoming baseline survey on corridor performance to be conducted in partnership with the CMG, in order to build their capacity to monitor and analyse transport and logistics system performance. Upon completion of the assessment, we will be updating the PMP with new baseline figures on the cost and time to trade goods across borders.

## Results

### *Stakeholders Mobilization*

In order to become an effective institution capable of facilitating constructive dialogue, initiating reform, and promoting investment to improve corridor efficiency, the CMG requires high-level political endorsement and the participation, buy-in, and cooperation of public and private sector stakeholders.

To make this happen, the LAKAJI Corridor Development Manager began by reviewing all background documents of the CMG and consulting with founding members and project counterparts in order to understand context, learn best-practices, and ensure an appropriate strategy of membership attraction and institutional engagement.

NEXTT participated in the CWC Logistics West Africa Conference and Nigeria Borderless Alliance Launch in December 2012, and the launch of West African Trade Hub/Nigeria Shippers Council's Border Information Centre in Seme, Nigeria and Krake, Benin in December 2012.

In order to catalyse the process of obtaining MOUs with eight state governments, the LAKAJI Corridor Development Component also launched a pilot Corridor States Working Group (CSWG) in Niger and Minna state. These pilot states were chosen due to their government's willingness to begin the process. These pilots will present replicable models for relationship building and stakeholder mobilization and management for the other six governors, as NEXTT develops CSWGs in the other corridor states.

The CSWGs bring together different constituents along the corridor to provide feedback on technical input and help develop criteria for engaging the state governments early in the project, thus enabling us to build the needed momentum toward crafting MOUs to be signed by the States' Chief Executives. The CSWG constituents include but are not limited to Office of the Secretary to the State Government, Office of the Director General, Youth & Entrepreneurship Development and the Ministries of Trade, Agriculture and Transport

### *Operationalize the CMG's Governance Structure*

NEXTT's first step in implementing a governance structure for the CMG has been to support the group as it completes the necessary processes of becoming a legal entity in Nigeria. This quarter, NEXTT coordinated the process for registration of CMG with the Corporate Affairs Commission and the Federal Ministry of Justice. The process is near completion, pending the Federal Ministry of Justice's acceptance of the CMG's Memorandum of Association. NEXTT is supporting the Nigerian Shippers Council to finalize the registration process, upon which NEXTT will be assisting the CMG with the recruitment of new members and the hiring of technical staff.

### *Corridor Performance Monitoring and Evaluation*

The foundation for building the capacity of the LAKAJI CMG to monitor and evaluate corridor performance is the execution of a baseline Transport and Logistics survey. The NEXTT team began desk research and logistical preparation for the baseline assessment scheduled for next quarter, which will be followed by training for the CMG in data collection and analysis.

## Analysis

Corridor efficiency plays a key role in improving the competitiveness of Nigerian non-oil exports and promoting food security and rural prosperity. In the quarter under review, the LAKAJI Corridor Development Component of NEXTT commenced foundational activities that support the institutional development of the Corridor Management Group (CMG) and began planning for upcoming activities that will build the group's capacity to offer value-added services.

Without an effective corridor management framework, Nigeria's private sector has had limited opportunity to advocate for policy and regulatory reforms to improve corridor performance in a formal forum that encourages open communication and effective implementation of recommendations. The formation of the CMG is an important first step. Moving forward, NEXTT will continue efforts to engage and recruit new private sector members and obtain buy-in from institutional stakeholders.



With the support of NEXTT, the LAKAJI CMG will play a pivotal role facilitating transport corridor improvements that reduce the time and cost of moving goods throughout the corridor and across borders.

## Task 2: LAKAJI Agricultural Growth Corridor

This quarter NEXTT also began planning and outreach for the Agricultural Growth Corridor Initiative, aimed at catalyzing investments which support and reinforce corridor improvement efforts and promote sustainable economic growth and development.

The Agricultural Growth Corridor Initiative and partnership will seek investments in areas which will improve transport corridor performance and allow Nigeria to better capitalize on the potential of its agriculture sector. Ramping up trade and processing activity along the corridor will depend heavily on investment in logistics services and hard and soft infrastructure that links growing and processing areas to the main truck route. Those investments will also have broader development impacts, including food security for urban areas that rely on food grown and processed along the corridor.

NEXTT began preparing for an assessment to occur in the second quarter of the project, which will identify investment needs and opportunities and will provide a recommendation on the

institutional framework of the initiative, including the Initiative's Advisory Board and its relationship (if any) with the CMG. The assessment will provide the foundation for the initiative, but early research and consultations lead us to anticipate that the Advisory Board will facilitate access to a range of capital sources through the Catalytic Fund, including private investor funds and grant funding mechanisms accessible to investors on cost-share basis. In cases where innovative investments are beyond the risk tolerance of financial investors, we will provide technical assistance to offerors in packaging proposals for grant facilities, like USAID's Development Innovation Ventures (DIV) APS.

## **Results**

### *LAKAJI Agricultural Growth Corridor Assessment*

This quarter the NEXTT project developed and submitted a scope of work for the Agricultural Growth Corridor Assessment, which detailed the assessment goals and methodology. The assessment will be conducted throughout the states which the LAKAJI Corridor passes through, extending to the growing and processing areas that are linked to the main truck route along the corridor through feeder roads. In preparation, the team conducted desk research on constraints effecting corridor efficiency, and mobilized an assessment team with diverse areas of technical expertise, including Trade and Investment, Supply Chain and Logistics, ICT, and Agribusiness and Agro-processing.

A pre-assessment guide has been developed, which divides the corridor into three study zones, namely Lagos, Middle Belt and Kano Zones. The Lagos Zone extends to the Greater Lagos Area (GLA) that includes Ogun State and up to Oyo State; the Middle Belt Zone includes Niger, Kwara and the FCT; and the Kano Zone includes Kano, Kaduna and Katsina States. The Pre-Study work examined trends in agricultural and nonfarm activities in food production, and the links between the two subsectors of the rural economies of eight LAKAJI states and the Federal Capital Territory.

## **Analysis**

NEXTT is poised to capitalize on growing investor interest in Nigeria's agricultural sector and an increasing number of venture capital and private equity firms seeking new opportunities for investment. By facilitating private capital for projects that will improve the flow of goods along the corridor and ramp up trade and processing activity, NEXTT is able leverage modest USAID resources to stimulate inclusive economic growth and improve food security. The potential inclusion of a grant facility in the Catalytic Fund will enable NEXTT to attract investors by reducing real and perceived risk and sharing the initially high costs and risks of start-up.

NEXTT's Agricultural Growth Corridor Initiative is also aligned with the Agriculture Ministry's Transformation Agenda, and the global efforts of the International Finance Corporation (IFC) and the United Nations Food and Agriculture Organisation (FAO), in promoting responsible private agribusiness investment while creating economic opportunities for rural communities. Like the NEXTT Project, both the IFC and the FAO are working together to bring technical expertise and knowledge networks to support agribusiness investment in low-income countries eligible for Global Agriculture and Food Security Program funding. NEXTT complements these initiatives, as a private sector-led strategy fostering agricultural businesses from smallholders to large agribusiness companies.



Above is a map of the LAKAJI corridor, the most important transportation route in Nigeria from a food security and perspective, and the focus of NEXTT Component 1 activities

## 2. TRADE POLICY AND TRADE FACILITATION SUPPORT

### Overview

The goal of this component of NEXTT is to create a functional system of trade policymaking and trade facilitation that aligns formulation, coordination and implementation of trade policy in Nigeria. The Trade component is anchored on three interconnected tasks. First, to provide capacity support for trade policy making and trade facilitation through building technical capacity of the Federal Ministry of Trade and Investment (FMT&I) and allied Ministries, Departments and Agencies (MDAs), and the Trade Facilitation Task Force (TFTF); conduct training on trade issues and support the development of a framework for implementation of AGOA. Second, to support Customs Modernization through providing assistance for legislative and process modernization; support the customs service to introduce new procedures, global best practices, and progressive automation of customs clearing processes and methods. Third, to assist in the institutional capacity building on standards infrastructure for food and agricultural products trade by building capacity and provide trainings for relevant private sector operators, upgrade Laboratory Capacity, and strengthen the National Food Safety Management Committee.



## **Task 1: Provide Technical Support to the Federal Ministry of Trade and Investment**

This quarter NEXTT initiated work to support the Federal Ministry of Trade and Investment (FMT&I) to refocus the FMT&I's Trade Policy Advisory Council (TPAC). NEXTT began mapping Nigeria's trade policy formulation mechanism by reviewing documentation of strengths and weaknesses of the existing systems, and by establishing contact and consulting with key institutional stakeholders. This review will culminate in a proposed redesign of the TPAC in the second quarter of the NEXTT project. NEXTT also began planning for upcoming capacity building efforts, including Trade Facilitation Trainings for the FMT&I and workshops on tariff impact analysis.

### **Results**

#### *Preliminary Mapping of Trade Policy Formulation Mechanism*

During the quarter, NEXTT staff reviewed various documents relating to trade policy making and trade facilitation in Nigeria. Trade policymaking structures and stakeholders were identified for consultations in the conduct of trade policy and trade facilitation needs assessments. NEXTT also established contact with the FMT&I, including introductory meetings with the Director of the FMT&I and an Assistant Director in the Ministry.

NEXTT staff also reached out to major institutions involved in trade capacity building, training and advocacy in Nigeria, including the Trade Policy Research and Training Programme (TPRTP) and the National Association of Nigerian Traders (NANTs) for further consultations towards the proper understanding of the structure of trade policy formulation mechanism.

In preparation for a comprehensive mapping and review scheduled for January and February, 2013, NEXTT staff conducted a survey of activities, institutions and stakeholders in trade policy formulation in Nigeria. The survey also identified donor agencies involved in the trade policy facilitation activities. Contacts were established with relevant stakeholders and schedule of meetings was created for needs and gap analyses.

### **Analysis**

Preliminary analysis of the trade policy review and action plan was useful in the identification of structure, linkages and major issues in trade policymaking in Nigeria. Through review of documents and consultations with relevant institutions and individuals, NEXTT staff were able to identify and establish contacts with relevant offices and people to interact with during the mapping exercise.

NEXTT is to create a sustainable platform for public-private interactions to build capacity to formulate and implement trade policy and trade facilitation in a way that positively impacts business costs, trade competitiveness, investment decisions and diversified exports in Nigeria. Activities scheduled for the second quarter of the project will be key to this effort, including elaboration of the re-design of Nigeria's trade policy formulation mechanism, and capacity

building efforts and workshops to improve FMT&I's ability to conduct and disseminate economic analysis on the impact of trade policy reforms.

## **Task 2: Support Customs Modernization**

The customs component of NEXTT seeks to support enactment of the NCS Act 2011. The Act repeals the existing Customs and Excise Management Act of 1958, as amended (CEMA); creates the Nigeria Customs Service (NCS) as a professional organization under the supervision of the Ministry of Finance and a governing Board; and provides the legal foundation for the use of modern customs procedures. In addition, NEXTT seeks to reform customs processes to conform to the international best practices through improvement of risk management procedures, valuation and classification methodologies, automation and clearance procedures, and accreditation procedures.

NEXTT will work with the Nigeria Customs Service (NCS) to provide required capacities to develop fast-track customs clearance for compliant traders, as well as introduce new procedures and processes to improve NCS operations.

### **Results**

This quarter NEXTT began a desk review in preparation for an assessment on legislative processes required for enactment of NCS Act 2011, and on the development of a tariff and valuation unit for the NCS. Much of this work is scheduled to be conducted in the second quarter of the project. NEXTT also made progress in gaining access to high-level officials whose support will be critical when major activities commence in the second quarter.

## **Task 3: Provide Institutional Capacity Building on Standards Infrastructure for Food and Agricultural Trade Products**

NEXTT will support general reform and attempt to fill capacity gaps identified in core standards institutions, particularly the Standards Organization of Nigeria (SON) and the National Agency for Food and Drugs Administration and Control (NAFDAC). The project intends to conduct mapping of standards and compliance procedures as part of a gap analysis and need assessment in the areas of standards in agricultural production and trade. Based on these, NEXTT intends to conduct trainings and capacity building for relevant institutions, traders and exporters. In addition, the component seeks to upgrade laboratory capacity and strengthen the NFSM committee.

### **Results**

NEXTT's first major activities for this task will begin in the second quarter of the project. Initial progress was made on desk research for the mapping and gap analysis of the compliance process for food and agricultural products.

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## 3.EXPANDED EXPORT SUPPORT

### Overview

Under Component 3, NEXTT aims to facilitate improvements in the competitiveness of Nigerian export firms and their capacity to meet market requirements through effective production, financing and marketing of their goods and services both domestically and internationally. The goal being within the life of the project to identify and deliver requisite technical assistance to over 40 Business Development Service (BDS) providers who in turn would assist at least 120 firms to generate over US\$30 million in new trade. In order to ensure the requisite institutional support is made available to export firms, the project, under this component, will strengthen the capacity of the Nigeria Export Promotion Council (NEPC), the national trade promotion agency, to better link the demand and supply of export services while working to establish new value chain alliance/associations and strengthen those that already exist, identifying a pipeline of market opportunities in each of the Value Chains (VCs) which can immediately be capitalized upon. These activities together will ensure export BDS providers are able to effectively deliver a value proposition to export firms that is both comprehensive and cost effective.

This quarter, NEXTT began building relationships with key institutions, industry alliances, and BDS providers who will play a fundamental role in year 1 activities for the project's export component. NEXTT also developed inputs for upcoming activities, including training materials for BDS trainings, and a methodology and scope of work for a mapping of supply and demand for export BDS providers.

### Results

*Conduct a mapping and assessment of the supply and demand for export business development services*

The NEXTT team, along with local subcontractor, Development Associates, reviewed the requirements of the assignment, prepared a Scope of Work for the assessment, and developed a work plan and budget. The outcome of this task will be the establishment of a viable network of BDS providers capable of extending value propositions to export and agricultural enterprises. Completion of the mapping and assessment exercise will facilitate the conduct of: TOTs within the first 12 months for BDS providers and government agencies to at least 10 firms that can support the delivery of robust export support services. The assessment will continue through the second quarter of the project.

*Preparation of MOU with the Nigerian Export Promotion Council (NEPC) for targeting the Council's support for trade shows.*

Activities during the quarter involved informal engagement with the NEPC to introduce the NEXTT project to the agency, identify areas of cooperation and to develop a draft MOU to guide technical assistance by the project to NEPC that ensures an increased capacity of the public export promotion body to coordinate and implement national export strategies.

NEXTT completed a draft frame for the MOU with NEPC and is awaiting agreement with the agency on institutional commitments and governance framework for partnership. Agreement and signing of the MOU will facilitate the conduct of: NEPC sponsored workshop with lead firms,

industry alliances GON agencies and counterpart projects on strategy for tradeshow participation

*Conduct TOTs for BDS providers on project development, access to finance, market support, and project development in collaboration with NEPC & GoN*

The NEXTT team commenced work on the review and preparation of training materials for training of BDS providers. Over four years, the project will vet and train at least 40 export quality consultants with BDS providers and government agencies supporting the export service system.

#### *Develop and Leverage Value Chain Alliances*

The NEXTT team attended the National Shea conference held in Minna State on 3-4<sup>th</sup> of December and identified the areas of possible collaboration for the NEXTT project. The NEXTT team also consulted with the Global Shea Alliance to determine how NEXTT and the Alliance can collaborate to achieve mutually beneficial outcomes. NEXTT intends to participate at the Global Shea Alliance annual conference to be held in Abuja in March.

#### *Preparation of Methodology for Value Chain Selection.*

Towards targeting a single value chain (VC) for the development of a model export strategy, the NEXTT team engaged with the NEPC and the Nigerian Export Import Bank (NEXIM), and held discussions with stakeholders within the cashew and shea value chains to review the work that has been done by various agencies and institutions. Input from these meetings was used to commence work on developing a methodology for value chain selection that would propose two to three value chains for consideration on the basis of realistic long term comparative advantage in those industries. This activity will investigate strategies to improve competitiveness of exporters in the target value chains.

The completion of a draft methodology for Value Chain Selection is awaiting validation of the criteria by the project team. The acceptance of the selection methodology and the target 2-3 value chains will facilitate the commencement of the assessment exercise.

## **Analysis**

The vision of the agricultural transformation strategy for Nigeria spanning 2011 – 2014 sets out to achieve food security in Nigeria through an agricultural sector that drives income growth. The strategy is designed to promote private investment in agriculture, to execute integrated value chain development projects, generate employment, and transform Nigeria into a net exporter of agricultural commodities. The action plan proposes a facilitation of private sector led governance of the target value chains which will focus on provision and availability of improved inputs (seed and fertilizer), increased productivity and production, as well as the establishment of staple crop processing zones. It is expected to address reduction in post-harvest losses, improving linkages with industries as well as access to financial services and markets.

The transformation agenda targets rural communities particularly women, youth and farmers associations, as well as improving rural institutions and infrastructure. With the establishment of 18 Staple Crop Processing Zones (SCPZ) as a cluster-based value chain strategy to attract private capital for food processing plants in areas of high food production and the linking of farmers in clusters to food manufacturing plants, their objectives tie into the vision of the NEXTT

project and would suggest significant opportunities for synergies between the activities of GON and the project.

The Nigerian Economic Summit Group (NESG) has forecast continued economic growth for Nigeria in 2013 averaging 7.00% year on year, marginally higher than 6.7 estimated by the IMF. The non-oil sector is expected to be the driver of this growth with agriculture, telecoms, building & construction, power and transport providing the lead. Agriculture which is the focus of the project contributed 31.64% to overall GDP and grew 4.12 % in 2012. The salutary effects of the Agricultural Transformation Agenda on agricultural production are anticipated to continue in 2013. Indeed these activities, which have attracted approximately US\$8billion in investment commitments from multilateral agencies together with Government policy towards single digit interest rate, should continue to facilitate progress towards achieving the 20 million ton food production target by 2015. The GON expects to enhance access to extension (weather, market, seeds and fertilizer information) services by distributing 10 million mobile phones to farmers in 2013. If this is achieved in a market driven sustainable manner it provides an opportunity for the project working with commodity associations to improve the efficiency of target value chains by layering access to key export markets.



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## MONITORING & EVALUATION

NEXTT's approach to monitoring and evaluation (M&E) includes building the capacity of partner institutions to monitor systemic change and generate feedback on the effectiveness of activities. Partner-led monitoring will be complimented with measurement of the project's capacity building and technical assistance efforts, including quarterly beneficiary surveys, systemic quarterly review of official sources, and activity-level tracking. Throughout the life of the project, M&E will be an integral part of the project management process, providing critical feedback to senior managers as they confront strategic choices on the focus of activities, and translate data into informed decisions on project course corrections or scaling of interventions.

During the reporting period, NEXTT began developing the Performance Management Plan (PMP) and creating systems for monitoring and evaluation. This included selecting measurable indicators, setting targets, and developing methodologies for data collection.

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# CROSS CUTTING ISSUES

## Gender

NEXTT has integrated gender into all operational and technical elements of the project. Achieving appropriate gender balance in project staffing, administrative and technical support is a consideration in all project procurement, new staff hiring, and STTA selection. Since the project was launched, we have ensured that gender integration is included within each team member's and each sub-contractor's scope of work. For instance, the scope of work for the upcoming Agricultural Growth Corridor Initiative explicitly considers the potential development impact on women as criteria for selection in the investment blue print. In the BDS mapping assessment, the team will apply a "gender lens" to determine the extent to which female-led BDS providers and female-led export firms are involved in the BDS ecosystem, and how system-wide interventions can be tailored to increase the value of exports from female-led export firms from Nigeria to the rest of the world. NEXTT will continue to integrate gender in to technical activities, and will disaggregate project indicators where feasible to monitor progress.

During the current reporting period, the NEXTT team began the process of developing a gender integration plan. The plan will serve as a guiding document for staff to incorporate gender into its corridor improvement, trade policy and trade facilitation, and export development work. The NEXTT team has consulted with USAID Washington gender experts, and also with former staff of the MARKETS I project. A desk review is underway of gender integration plans and gender in business services development and agriculture work by USAID projects in West Africa and elsewhere. The gender integration plan will be submitted to USAID in April 2013. Once this integration plan is developed and gender integration activities are identified and prioritized, the project team members can be more clear on specific tasks or strategies to implement (such as developing gender-specific trainings for rural women, or ensuring female participation on critical Committees or Secretariats) or the specific STTA required (when needed) to complete specific gender integration tasks.

## Youth

NEXTT staff and subcontractors have integrated a youth lens to upcoming studies, selection processes and assessments, such as the corridor assessment, the state selection process, the value chain selection and the business development services assessment. The critical youth-related question to answer in these assessments is not a simple count of how many 15-24 year olds will be impacted through implementation of these activities, but how can these activities be structured in such a way so that youth are better able to access economic and social opportunities and share in economic growth.

NEXTT has begun looking for possible partners in integrating a youth focus to our work. This could include the Central Bank of Nigeria's Entrepreneurship Development Center in Kano. Another is to leverage the OICI-CBN-Entrepreneurship Development program to create Entrepreneurship Development Centres (EDCs). The opportunities and partners in this work will be fully assessed in the coming months.

## Environment

The NEXTT project has been designed considering an environmentally-friendly approach so that project activities will not have a negative impact on the environment. NEXTT will attach

great importance to the growing need to protect and conserve the environment and consistently uphold of environmental conservation measures.

In the first quarter, NEXTT mobilized a consultant to complete an Environmental Mitigation and Monitoring Plan (EMMP). Once this EMMP is approved by USAID, the project can begin to implement specific tasks and strategies to properly mitigate or reduce any environmental impacts that may arise from the proposed activities, which are also in compliance with host county regulations. NEXTT team members and sub-contractors will be responsible for environmental mitigation under their specific task areas.

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## ACTIVITIES PLANNED: JAN – MAR 2013

Activity	Date	Contact person
<b>Component 1: LAKAJI Corridor Improvement</b>		
LAKAJI Corridor Baseline Logistics Study	February/March	LAKAJI Corridor Development Manager
Replicating Corridor States Working Group in the remaining seven states on the corridor	February/March	LAKAJI Corridor Development Manager
Conduct a workshop for the CMG on its mandate and governance structure	February/March	LAKAJI Corridor Development Manager
Conduct a workshop on the CMG performance monitoring and service platform	February/March	LAKAJI Corridor Development Manager
Report on CMG with recommendations on elaborating its mandate and functions submitted by Shippers Council	February/March	LAKAJI Corridor Development Manager
Final mandate, governance structure, and revenue scheme and service offerings of CMG agreed by members	February/March	LAKAJI Corridor Development Manager
Conduct LAKAJI Ag. Growth Corridor Assessment, and submit investment blueprint of potential clusters of agribusinesses and ag-supporting infrastructure projects	February/March	LAKAJI Corridor Development Manager
Recommendations for fund size and management structure of the catalytic fund submitted (as part of assessment report) and LAKAJI Ag. Growth Corridor partnership submitted	February/March	LAKAJI Corridor Development Manager

<b>Component 2: Trade Policy &amp; Trade Facilitation</b>		
Continued mapping of Nigeria's trade policy Formulation Mechanism, proposal for redesign of the TPAC	January – February 2013	Trade Policy & Capacity Building Manager
With FMT&I staff, elaborate structure, responsibilities and membership of the TPAC Secretariat	January – March 2013	Trade Policy & Capacity Building Manager
Provide training to FMT&I's TTF on benchmarking the effectiveness of trade facilitation measures	January – March 2013	Trade Policy & Capacity Building Manager
Engage with FMT&I to consult on trade training priorities and encourage these to establish a trade training unit	January – March 2013	Trade Policy & Capacity Building Manager
Conduct Needs assessment for NCS on legislative process required for enactment of NCS Act 2011	January 2013	Customs Manager/ Trade & Capacity Building Manager
Facilitate working groups with members of the Inter-Ministerial and legislature on finalization and passage of NCS Act 2011	January – October 2013	Customs Manager/ Trade Policy & Capacity Building Manager
Provide recommendations to NCS on the development of a tariff and valuation unit	January 2013	Customs Manager/ Trade Policy & Capacity Building Manager
Collaborate with NFSM Committee on mapping and gap analysis of compliance processes for food and agricultural products, including needs assessment for strengthening committee	February -May 2013	International Food Standards Advisor/Trade Policy & Capacity Building Manager
Work with NFSM Committee to identify candidates within testing labs to serve on internal quality teams	February – April 2013	International Food Standards Advisor/Trade Policy & Capacity Building Manager

<b>Component 3: Expanded Export Support</b>		
Shea 2013: Global Perspectives,	4-6 March	Export Development Specialist /COP
Commencement of the BDS Mapping by DA.	January - February	Export Development Specialist
Signing of MOU with NEPC.	February	Export Development Specialist /COP
TOT for BDS Providers	February/March	Business Development Specialist
Building of BDS providers Network	March	Business Development Specialist
Value Chain Assessment & Selection	February/March	Export Development Specialist
NEPC Sponsored Workshop with key stakeholders on trade show participation	February/March	Export Development Specialist



Trade and Investment Trainings for the first batch of Potential Producers and Exporters	February/March	Export Development Specialist
Global Shea Alliance Annual Meeting	4-6 March 2013	Export Development Specialist